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Same Chicken in Every Plot? 2 Accused of Reselling Poultry

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Using forged documents and shipments of frozen chicken legs to Eastern Europe, a father and son from Westchester County with links to Russian organized crime stole more than \$35 million from banks and financiers in Latvia and the United States, Manhattan prosecutors said yesterday.

The men, Nickolai and Serguei Kouznetsov, who already face a half-dozen civil lawsuits in Florida, Illinois and New York, and an accomplice were indicted yesterday on charges that they sold -- and resold -- the same chicken legs to multiple buyers.

According to court records, one Latvian bank lent them \$3.5 million on the basis of forged documents stating that six million pounds of chicken were in a Florida warehouse, when they had already been sold abroad and shipped to Tallinn, Estonia.

The indictments mark the first stage of a continuing investigation into the scheme, which exploited a Russian love of dark-meat chicken, one of America's largest exports to that country, said Robert M. Morgenthau, the Manhattan district attorney.

At a news conference marked by poultry jokes yesterday, Mr. Morgenthau noted that Americans prefer white meat. "In Russia, they like the dark meat, and in the United States they like the contracts," he said.

The younger suspect and the only one in custody, Serguei Kouznetsov, 28, was arrested on Friday at his mother-in-law's house in Lindenhurst, N.Y., the authorities said. He was denied bail yesterday after an assistant district attorney, Clark S. Abrams, told

the judge that, according to international law enforcement officials, Mr. Kouznetsov had worked with Russian organized crime members.

"His position is that he's not guilty and he's going to contest the charges vigorously," said Mr. Kouznetsov's lawyer, Austin V. Campriello, who also said that his client had an American-born wife and twin boys who turned 2 years old on Saturday.

Prosecutors said that his father, Nickolai, 50, along with Igor Ilchenko, 38, who owns an Estonian company, were fugitives and might be in Russia.

A grand jury also indicted two corporations run by the Russian-born Kouznetsovs, NASL Corporation in Manhattan and Claremont Trading in Tortola, the British Virgin Islands, and an Estonian corporation run by Mr. Ilchenko, Joint Stock Company Trendors.

The authorities said the elaborate scheme began on Long Island, where the Kouznetsovs sold frozen chicken-leg quarters, along with whole chickens, beef liver, turkey thighs and hot dogs, to various chicken exporters. Among those exporters was one of the largest such American company, Trans Commodities Inc., based in New York City and run by Sam Kislin, who has been a contributor to Mayor Rudolph W. Giuliani and other New York politicians.

But according to the indictment, the Kouznetsovs did not stop at selling the chicken legs once. They obtained a loan from the Paritate Bank in Latvia by giving the bank false warehouse receipts showing that more than six million pounds of chicken were being held for the bank as collateral in a warehouse in Pensacola, Fla.

On the basis of the warehouse receipt, the Paritate Bank wired \$3.5 million to the Kouznetsovs account at the Bank of New York in New York City. But the chicken had already been sold to another purchaser and was on a ship on its way to Estonia.

It was not clear yesterday whether investors had made any independent effort to verify whether the chicken actually existed. As John W. Moscow, deputy chief of the Manhattan district attorney's investigation division, said of the loan from Paritate,

"There are a lot of suckers at that bank."

In this manner, the men stole 130 million pounds of chicken worth more than \$35 million, pledging it to financial institutions in return for loans while selling it to other purchasers instead, prosecutors said.

The indictment filed by Mr. Morgenthau's office covers only the \$3.5 million loan from the Paritate Bank.

The scheme was far larger, according to a civil lawsuit filed by Lloyd's of London in federal court in New York. The lawsuit states that four financial companies insured by Lloyd's have lost \$38 million in stolen chicken.

According to the lawsuit, the four companies discovered that the 64,000 tons of chicken they supposedly owned had disappeared from warehouses and ships, had been sold to others, and that they had been duped with a trail of false documents, including shipping bills, warehouse receipts and even forged certificates from the United States Department of Agriculture.

Prosecutors declined to comment yesterday on whether any of those who financed the chicken purchases or bought the chicken from NASL were under investigation, but they emphasized a wide-scale and continuing inquiry. Mr. Morgenthau said, "This is a case that has legs."

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